

FISCAL IMPACT STATEMENT ON BILL NO. **H. 3797, as Amended**

(Doc. No. Unknown)

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TO:	The Honorable Leon Howard, Chairman, House Medical, Military, Public and Municipal Affairs Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	R.J. Stein, Torina Wood, Allan Kincaid		
DATE:	March 20, 2008	SBD:	2008157

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AUTHOR:	House Medical, Military, Public & Municipal Affairs	PRIMARY CODE CITE:	44-70-10
SUBJECT:	Licensure of In-Home Care Providers		

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:  
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:  
A Cost of Federal and Other Funds (See Below)

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**BILL SUMMARY:**

The proposed amendment to House Bill 3797 would create a new Chapter 70 under Title 44 of the Code of Laws of South Carolina, 1976, relating to the licensure of “in-home care providers,” which represents a new category of health care worker that would be licensed and regulated by the Department of Health & Environmental Control (DHEC). The proposed amendment defines the term “in-home care provider,” as a person or business entity, and exempts home health agencies, hospices, anyone licensed under Section 44-7-260 (licensed health care facilities) and individuals who provide in-home care at no more than four locations provided that recipients at each location are related family members. The Bill requires DHEC to promulgate regulations and provides guidelines for those regulations, including the imposition of a license fee that must be used to offset the cost of operating the program. The Bill requires licensees to provide evidence of a communicable disease screening and fingerprint-based criminal background checks by both SLED and the FBI. The latest amendment foregoes the requirement of an FBI record check if the individual provides proof of South Carolina residency for at least the prior year.

**EXPLANATION OF IMPACT:**

Department of Health & Environmental Control (DHEC)

As this is currently an unregulated category, the actual number of in-home care providers in South Carolina is unknown. However, DHEC estimates that there may be between 300 and 500 entities that would seek licenses. First year program costs (for processing criminal record checks and issuing licenses) are an estimated \$155,100 to \$231,050 including 3.50 to 5.50 FTEs. (Therefore, license fees could range from \$310 to \$770.) Recurring costs each year thereafter are estimated to be between \$117,100 and \$193,075. (Therefore, license fees could range from \$235 to \$645.) The license fee would be set so as to fully cover the annual operating costs of the program. Revenues would offset operating costs and there would be no fiscal impact on the State General Fund resulting from the licensing and criminal records check processing responsibilities placed on DHEC.

Department of Health and Human Services (DHHS)

DHHS indicates this Bill will have no direct impact on the General Fund of the State or Federal and/or Other funds.

Department of Mental Health (DMH)

DMH indicates this Bill will have no impact on the General Fund of the State or Federal and/or Other funds. DMH reports it contracts with approximately 300 individuals to provide in-home care services to clients in its Home Share program. In-home care services provided in the Home Share program are provided to one client at a time and would be exempt from the Bill's licensing provisions.

Department of Disabilities and Special Needs (DDSN)

DDSN contracts with thirty-nine Disabilities and Special Needs (DSN) Boards, six qualified provider companies and 2,750 approved individuals to provide in-home care services to its clients. DDSN indicates there are no financial resources available to its in-home care providers to cover the cost of licensing. Therefore, in order to ensure uninterrupted service delivery to its clients, DDSN anticipates the need to assume the costs of licensure and other associated costs for the six qualified provider companies, thirty-nine DSN boards and the 2,750 approved individual providers.

DDSN estimates a total recurring cost of \$343,500 (\$225,336 State funds; \$118,164 Other funds) for SLED and FBI criminal background checks and communicable disease screenings. DDSN reports approximately 15% of in-home care providers do not meet the residency requirements of the Bill and estimates approximately \$140 per individual or \$63,000 (\$41,328 State funds; \$21,672 Other funds). For the remaining providers, recurring SLED background checks and communicable disease screenings are estimated to be approximately \$110 per individual or \$280,500 (\$184,008 State; \$96,492 Other). This does not include the cost of DHEC license fees which have yet to be determined. In addition, it is not clear whether the approved individual providers can be licensed by DHEC as a group under DDSN. DDSN's waiting list would be negatively impacted if the agency has to use existing resources to compensate providers for their additional costs of providing services.

State Law Enforcement Division (SLED)

The State Law enforcement Division reports that a fingerprint-based criminal record check conducted by SLED would cost the license applicant \$24. A fingerprint-based FBI criminal record check would cost the applicant \$30.25 if mailed to the requesting agency or \$13.25 if electronically submitted.

**LOCAL GOVERNMENT IMPACT:**

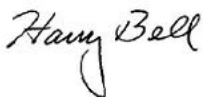
None.

**SPECIAL NOTES:**

DHHS reports it currently contracts with 29 individuals and 122 provider companies that would need to be licensed under this Bill. License fees and associated costs incurred by providers, as a cost of providing services to Medicaid-eligible recipients, may be passed on to DHHS if the approved Medicaid reimbursement rates are modified to include these additional fees/costs. However, contracts would have to be amended for there to be a direct impact on DHHS.

If the cost of licensure by DHEC is \$100 per individual or entity, the total impact on DDSN's providers would be approximately \$625,000 (\$410,000 State and \$215,000 Other funds) which includes the \$343,500 figure referenced above. The Committee might wish to clarify whether the individuals and provider companies associated with DDSN are required to obtain licenses or are exempt under Section 44-7-260.

Approved by:



Harry Bell  
Assistant Director, Office of State Budget